

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Argentina

### Oilseeds and Products Update

### January Lock-up Report

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**Report Highlights:**

Widespread rainfall has provided relief to the oilseed crops in Argentina, however, hot and dry conditions still prevail. For the marketing year 2010/11, soybean production is adjusted downward 1.5 million metric tons (MMT) to 49 MMT, sunflower production remains unchanged and peanut area and production are raised to 265,000 hectares (up 40,000 hectares) and 850,000 MMT (up 70,000 tons), respectively.

**Post:**

Buenos Aires

**Commodities:**

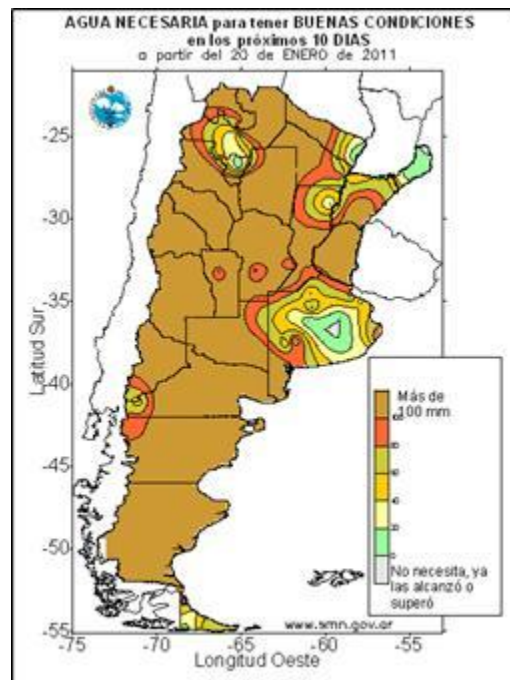
Oilseed, Soybean (Local)

Oilseed, Sunflowerseed

Oilseed, Peanut

**Situation and Outlook:****Soybeans**

FAS Buenos Aires estimates soybean production at 49 million metric tons (MMT) for the 2010/11 marketing year (1.5 MMT below the current USDA estimate of 50.5MMT). Even if the weather normalizes and rains begin to fall regularly throughout the remainder of the growing season, Post contacts, individual analysis by province, field visits, and Ministry of Agriculture reports indicate that reaching a production number of 50.5 MMT will be a very big challenge for this complicated year. According to the National Institute of Agricultural Technology's Weather and Water Center (INTA), more than 100 mm of rains are needed in Córdoba and Santa Fe provinces during the next ten days in order for conditions to return to normal. A report written by the same institution predicts that the dry weather with less than normal rainfall will continue through February.



Source: Instituto Nacional de Tecnología Agropecuaria, INTA

It is still hot and dry throughout Argentina however, widespread rainfall in the major soy producing region has

allowed temporary relief for the 2010/11 crop. In the past couple of weeks, there have been showers of up to 2 inches in the Buenos Aires, Santa Fe, and Córdoba provinces. The rainfall was much needed, but does not necessarily mean that things are going back to normal. Buenos Aires has received the most rain and the overall condition of crops has improved from January 14th to January 20<sup>th</sup> leaving many areas with normal to above normal soil moisture based on reports from the Ministry of Agriculture. However, during that same time frame crop condition has diminished in Córdoba and Santa Fe, in fact, average condition in these two provinces is overall slightly worse than it was in the 2008/2009 marketing year. Córdoba province remains the driest province and produces more than 25 percent of the crop, second to Buenos Aires.

FAS Buenos Aires staff traveled to northern Buenos Aires province, Southeastern Córdoba and Southern Santa Fe province the week of January 10<sup>th</sup>. At the time, crop conditions were varied, some fields with dry patches, some fields with wilted plants and some that looked okay. All of the first crop soybeans were very short and the some of the second crop were in dire need of water in order to be able to survive. Yields in nearly all provinces except Buenos Aires are expected to be reduced from those of last year.

On planting progress, the scattered rains have also allowed enough soil moisture to continue planting second crop soybeans. As of January 20, 2011, according to the Ministry of Agriculture, nearly 18.2 million hectares have been planted, about 96 percent of total expected area of 18.7 million hectares (see planting progress chart below). It is also expected that the Buenos Aires province will not complete planting and could lower area by approximately 150,000 hectares, which would more closely reflect the USDA official estimate of 18.6 million hectares.

Planting Progress, January 20, 2011						
Soybeans						
Province	Local Marketing Year				Area Planted From:	
	09/10	10/11	09/10	10/11	1/13/11	1/20/11
	Percentage		Hectares		Percentage	
Buenos Aires	100	97	5,676,132	5,832,480	93	97
Córdoba	100	100	5,128,640	5,071,810	99	100
Entre Ríos	100	100	1,468,000	1,480,000	98	99
La Pampa	100	100	405,400	431,100	99	100
Santa Fe	97	99	2,999,119	3,093,710	99	99
Other	90	87	2,323,364	2,258,120	80	87
<b>Total</b>	<b>98%</b>	<b>96%</b>	<b>17,926,839</b>	<b>18,167,220</b>	<b>94%</b>	<b>96%</b>
Source: MAGyP, Weekly Report, 1/20/2011						

In order to adjust for the reduction in production, exports for MY2010/11 are lowered to 11.5 MMT (a drop in 900,000 MT from the USDA estimate). It is not expected that consumption will be reduced because of the domestic demand for oil use as biodiesel (see the Oilseeds Lock-up Report for December 2010).

Post is making no changes to 2009/10 exports or crush use for soybeans, as official data at this time shows both on track to meet official estimates.

Likewise, no changes are made for soybean oil and soybean meal.

## **Sunflowerseed**

Post maintains USDA official numbers for the 2010/11 area planted for sunflowers at 1.65 million hectares and production at 2.8 MMT. As of December 30<sup>th</sup>, 100 percent of the area has been planted according to the Ministry of Agriculture. Even though sunflowers are also affected by the lack of rainfall, the majority of the crop is in good condition. Over fifty percent of sunflowers are grown in the Buenos Aires province. Crop condition in Córdoba and Santa Fe is good to below average due to the lack of rain, however it is important to keep in mind that the production of these two provinces combined make up less than 15 percent of the total production. Furthermore, some areas of Santa Fe have already begun the harvest and yields range from 1.5 tons/hectare to 2.0 tons/hectare. At this point in time, contacts indicate that sunflowerseed is in good shape for a normal to above average harvest.

## **Peanuts**

At this time, Post proposes raising USDA official numbers for area planted for marketing year 2010/11 to 265,000, up 40,000 hectares from the current estimate of 225,000. Since mid-January, one hundred percent of the peanut area has been planted, an estimated 267,468 (which is higher than what the Ministry of Agriculture had originally estimated earlier in the year). Due to the increase in area, post recommends adjusting production accordingly. The number is raised from 780,000 to 850,000 tons.

Córdoba accounts for nearly 80 percent of the peanut production in Argentina and as previously mentioned, it is one of the driest provinces. However, peanuts tend to resist the hot, dry weather more than other crops. Post contacts indicate that the current crop condition is good, although more rain is needed.

## **Other**

Farmers were on strike during the week of January 17<sup>th</sup> through January 23<sup>rd</sup> in protest of government intervention in the wheat and corn markets. Farmers are demanding that the government remove all export restrictions and licensing requirements to allow a free market for both commodities. Sales of all grains and oilseeds were halted, however industry had enough stocks on reserve that exports and milling were not disrupted. Farm groups are on a two week hiatus and threaten more extreme measures if the government does not respond to their requests.

As of January 27, 2011, port workers in Rosario, Santa Fe have gone on strike to demand higher salaries. They have blocked the entrance to major crushing and exporting companies. If the strike continues for a long period of time, exports of meal and oil could be disrupted.

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